

**GAO**

Report to the Sergeant at Arms,  
U.S. Senate

April 1987

# FINANCIAL AUDIT

## Senate Barber Shops Revolving Fund for the Years Ended December 31, 1986 and 1985



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Comptroller General  
of the United States

B-199627

April 23, 1987

The Honorable Henry K Giugni  
Sergeant at Arms  
United States Senate

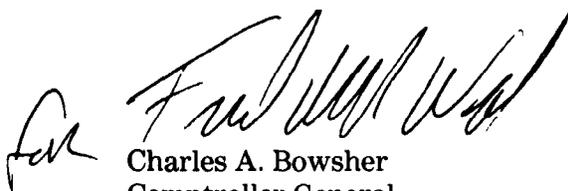
Dear Mr. Giugni:

Pursuant to your January 15, 1987, request, we have examined the balance sheets of the Senate Barber Shops Revolving Fund as of December 31, 1986 and 1985, and the related statements of operations and undistributed income, and of changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We completed our audit work on January 30, 1987.

In our opinion, the financial statements referred to above present fairly the financial position of the Senate Barber Shops Revolving Fund as of December 31, 1986 and 1985, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles and the financial accounting policies described in the note to the financial statements, applied on a consistent basis.

This report also contains our report on internal accounting controls and compliance with laws and regulations, the Revolving Fund's financial statements, and an accompanying note for the years ended December 31, 1986 and 1985.

Sincerely yours,



Charles A. Bowsler  
Comptroller General  
of the United States

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# Report on Internal Accounting Controls and Compliance With Laws and Regulations

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We have examined the financial statements of the Senate Barber Shops Revolving Fund for the years ended December 31, 1986 and 1985. Our examinations were made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures, including tests of compliance with laws and regulations, as we considered necessary in the circumstances. This report pertains only to our preliminary review of the system of internal accounting controls and our review of compliance with laws and regulations for the year ended December 31, 1986. (Our report on internal accounting controls and compliance with laws and regulations for the year ended December 31, 1985, is presented in GAO/AFMD-86-37, dated May 12, 1986.)

We did not complete a study and evaluation of the Fund's internal accounting control system for the purpose of determining the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the Fund's financial statements. We concluded that it was more efficient to expand our substantive audit tests in examining the financial statements for the year ended December 31, 1986.

While we did not complete a study and evaluation of the Fund's internal accounting control system, we did not become aware of any condition during our expanded substantive audit tests which we believe to be a material weakness. In audits where we do make a study and evaluation of the internal accounting control system, material weaknesses in the internal accounting control system would not necessarily be disclosed. Accordingly, even in such cases we would not be able to express an opinion on the system taken as a whole.

As part of our examination, we also tested the Fund's compliance with applicable laws and regulations. In our opinion, the Senate Barber Shops Revolving Fund complied with the terms and provisions of laws and regulations for the transactions tested that could have materially affected its financial statements. Nothing came to our attention, in connection with our examination, that caused us to believe that the Fund was not in compliance with the terms and provisions of laws and regulations for those transactions not tested.

# Balance Sheet

	December 31,	
	1986	1985
<b>Assets</b>		
Current Assets		
Cash	\$39,058	\$37,462
Petty cash	75	75
<b>Total current assets</b>	<b>39,133</b>	<b>37,537</b>
Fixed Assets		
Furniture, fixtures, and equipment	8,620	8,620
Less accumulated depreciation	934	72
<b>Total fixed assets</b>	<b>7,686</b>	<b>8,548</b>
<b>Total Assets</b>	<b>\$46,819</b>	<b>\$46,085</b>
<b>Liabilities and Government Equity</b>		
Liabilities		
Amount due Senate Disbursing Office	\$75	\$75
<b>Total liabilities</b>	<b>75</b>	<b>75</b>
Government Equity		
Fund capital pursuant to		
Public Law 95-26	10,000	10,000
Undistributed income	36,744	36,010
<b>Total government equity</b>	<b>46,744</b>	<b>46,010</b>
<b>Total Liabilities and Government Equity</b>	<b>\$46,819</b>	<b>\$46,085</b>

The accompanying note is an integral part of these statements

# Statement of Operations and Undistributed Income

	Years ended December 31,	
	1986	1985
<b>Service revenues</b>	<b>\$127,524</b>	<b>\$116,452</b>
Operating expenses		
Supplies and laundering of towels and gowns	4,220	3,901
Barber supplies	4,410	4,283
Magazine and newspaper subscriptions	233	245
Annual physical examinations	301	328
Repairs and maintenance	211	122
Miscellaneous	612	528
Depreciation	862	72
<b>Total operating expenses</b>	<b>10,849</b>	<b>9,479</b>
<b>Net income</b>	<b>116,675</b>	<b>106,973</b>
Prior-period undistributed income	36,010	21,196
	152,685	128,169
Transfers to U.S. Treasury	115,941	92,159
<b>Undistributed Income</b>	<b>\$36,744</b>	<b>\$36,010</b>

The accompanying note is an integral part of these statements

# Statement of Changes in Financial Position

	<u>Years ended December 31,</u>	
	<u>1986</u>	<u>1985</u>
<b>Funds Provided</b>		
Net income	\$116,675	\$106,973
Provision for depreciation	862	72
<b>Total funds provided</b>	<b>117,537</b>	<b>107,045</b>
<b>Funds Applied</b>		
Amount transferred to U S Treasury	115,941	92,159
Purchases of furniture, fixtures, and equipment	0	8,620
<b>Total funds applied</b>	<b>115,941</b>	<b>100,779</b>
<b>Increase in Cash</b>	<b>\$1,596</b>	<b>\$6,266</b>

The accompanying note is an integral part of these statements

# Note to Financial Statements

## Significant Accounting Policies

The Senate Employees Barber Shop Revolving Fund was authorized by the Legislative Branch Appropriations Act of 1977 (Public Law 94-440, approved October 1, 1976).

The Supplemental Appropriations Act of 1977 (Public Law 95-26, approved May 4, 1977) amended the initial legislation to provide for the Revolving Fund to include all Senate barber shops and renamed it the Senate Barber Shops Revolving Fund. This change was effective April 1, 1977. All moneys received by the Senate barber shops are deposited in the Fund and are available for disbursement by the Secretary of the Senate for the necessary supplies and expenses of the Senate barber shops. Since the revolving fund is part of the contingent fund of the Senate, payments are approved by the Senate Committee on Rules and Administration under 2 U.S.C. 68. Such approval is conclusive on all government departments and officers.

Employee salaries of about \$200,000, benefits, certain furnishings, space, utilities, and building repairs and maintenance are paid from appropriated funds and are not charged to the Fund.

The law provides that on or before December 31 of each year, the Secretary of the Senate shall withdraw from the Fund and deposit in the Treasury of the United States as miscellaneous receipts all moneys in excess of \$10,000 in the Fund at September 30. The undistributed income of \$36,744 and \$36,010 at December 31, 1986 and 1985, respectively, represents net income earned from October 1 through December 31 each year.

Furniture, fixtures, and equipment are recorded at cost. Depreciation is computed on the straight-line method over a 10-year useful life of the property.

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